

simply stick your head in the sand and expect market forces to balance the national budget. That's the Congress' responsibility. I can cite example after example illustrating how this leadership does not care about our nation's fiscal state of affairs.

The pay-as-you-go rule, the budget enforcement mechanism devised to reign in deficits, worked very effectively in the nineties to bring the budget into balance and restore surpluses.

Then the 108th Congress is sworn in, PAYGO expires, and the House leadership makes no serious attempt to restore it. It's no coincidence that we've seen record high deficits in the last two years.

And now this Congress is backed into a corner and forced to take action to raise the debt ceiling for the third time, another record.

WORRISOME SIGNS IN THE INTERNATIONAL CURRENCY & DEBT MARKETS

The Bush administration and leadership in the House say deficits don't matter, but in truth they do matter, and we are now staring crisis in the face. There is near unanimity among economists that our Nation's fiscal imbalance could put us in real economic peril.

In a study published just 2 weeks ago, well-known economists Maurice Obstfeld and Kenneth Rogoff warned of what they called "current account collapse" sparked by withdrawal of funds from international investors. They said that this issue should be "problem number one on the President's international financial agenda."

We must heed these warnings and get our financial house in order or the delicate house of cards constructed by this administration and congressional leadership will come tumbling to the ground, and all Americans will pay a hefty price.

Already there are signs that the dollar's value is declining and other currencies, primarily the Euro, are slowly replacing the dollar as the favored currency among international investors. This week, the dollar reached an all time low against the Euro—one Euro is now worth \$1.30.

Our Nation needs to borrow around \$2 billion a day, and 92 percent of debt sold over the last 4 years has gone to foreign countries. So obviously we rely heavily on foreign investment. The question is what happens if those countries abandon the dollar for another currency?

If foreign governments like China decide to divest its U.S. currency holdings; the consequences would be serious, especially considering the massive purchases by the Chinese Central Bank over the last few years. In 2003, the dollar purchases by foreign central banks were \$617 billion, compared to \$352 billion the year before. Total reserves of the emerging Asia countries rose by more than \$350 billion between March 2003 and March 2004. Japan and China alone currently hold close to a trillion dollars of U.S. debt.

Many countries are now beginning to favor the Euro, which puts us in a major dilemma and raises national security concerns. Foreign governments are now our largest creditors. We may be the most powerful nation in the world, but China, as the largest investor, has genuine financial leverage. This poses a real threat to our national security because the American economy now depends on the financial decisions of foreign governments.

Unlike in years past, we cannot assume that no other currency comes close to rivaling the dollar's strength. The emergence of the Euro substantially changes the international currency market, because, despite the relative soundness of the dollar, the Euro has become a true alternative, backed by reasonably sound monetary policies. So the largest holders of foreign currencies in Asia could change their preference purely on the basis of financial, not political considerations.

This scenario is unraveling right now. Asian countries believe that our exceedingly high deficits are untenable and threaten the American economy. They worry that more buying could in turn destabilize their own economy. Another very real concern is that their financial leverage could translate into political and diplomatic leverage.

Consequently, we increasingly find ourselves in a precarious negotiating position. We have to convince these foreign governments that the dollar is relatively strong and they should continue their purchasing.

I would conclude by saying that in tonight's special order my colleagues have discussed issues that need to be addressed in an honest debate on the floor of the House. The election is over. It's time to put aside wedge issues and start talking about fiscal problems that could have a devastating effect on the American economy for years to come.

The leadership has apparently backed away from its initial plan to include the debt ceiling increase in an omnibus appropriations bill. Hiding the debt ceiling increase in a larger bill would be a mistake because it would undermine the purpose of the statutory requirement—accountability. Members of Congress should explain their decision to increase the national debt. The American people deserve to know what's going on.

We've heard plenty about cultural values in the last few weeks, and I think we get it now. But Congress cannot continue to simply ignore mounting fiscal problems, and expect they will go away. Because they will not. And I promise you that when the "you know what" hits the fan and we're facing a crisis, the American people will put aside their cultural differences in favor of one overriding value: economic security.

GENERAL LEAVE

Mr. SPRATT. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on the subject of my Special Order.

The SPEAKER pro tempore (Mrs. MUSGRAVE). Is there objection to the request of the gentleman from South Carolina?

There was no objection.

GLOBAL CLIMATE CHANGE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Washington (Mr. INSLEE) is recognized for 60 minutes.

Mr. INSLEE. Madam Speaker, I come to address the House this evening on an

issue that has some similarities to the issue my colleagues, my Democratic colleagues, just addressed on the Federal deficit. The Federal deficit is this long-term, rather insidious challenge to our Nation that sort of is something that can sneak up on us and over the long term can cause us great grief. And the issue that I am compelled to address the House on tonight is a similar issue with even larger global concerns that has the capability of causing major changes to the way we live and our kids live and our grandchildren live, and that is the issue of global climate change, which is being precipitated by our enormous contributions of carbon dioxide and methane into our atmosphere.

And as I come here tonight, this is the first night we have been in session since the election, and a couple things have changed relatively dramatically actually since the election. And one of the things that has changed when it comes to the atmosphere we are going to leave to our kids and our grandkids is that there was a major scientific announcement made last week that basically should send off red lights, alarm bells, and whistles in the United States Congress which indicated that the problem of global warming is much more acute and is happening much more quickly than many of us anticipated. So tonight I would like to address the science that has now become available to this body in the House of Representatives, which I hope that we would act on fairly shortly.

Unfortunately, the U.S. House has been somnambulant when it comes to global warming to date. This Chamber, for all its virtues, basically has not acted at all in the face of what has been very rapidly accumulating scientific evidence about this problem. But after the report came out last week, which I am going to address, there really is no longer any excuse for inaction by the House; and that is why this evening I would like to address the scientific report that became available to us.

Last week, eight nations that have been working for 4 years now to try to get a handle on the scientific information that is now available to us issued a report called the "Impacts of a Warming Arctic," and this was a report issued by the Arctic Climate Impact Assessment. This is a group that has been working of the best scientists in the United States, nonpartisan, no ax to grind. These people, a diverse group from the National Oceanographic Administration, from the University of Fairbanks have been working in conjunction with seven other nations on this report. Those other countries are Denmark, Finland, Iceland, Norway, Russia, Sweden, Canada, and six indigenous groups in Canada.